

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 3470

March 15, 2012

SUMMARY OF BILL: Requires genetic testing to confirm the paternity of a child, regardless of the relationship between the child's parents, before a father is listed on the birth certificate. Requires the Department of Human Services (DHS) to pay, in whole or in part, the cost of testing for those who are financially unable to pay. Prohibits any name from being entered as the father on a birth certificate until such name can be established by genetic test, at which time the certificate could be amended. Deletes the provisions regarding voluntary acknowledgment of paternity and all established procedures for establishing the paternity of a child born inside an institution, currently set forth in Tenn. Code Ann. § 68-3-302(c) – (f).

ESTIMATED FISCAL IMPACT:

Increase State Revenue – \$144,000/FY13-14 and Subsequent Years

**Increase State Expenditures – \$66,100/One-Time
\$2,138,900/Recurring**

Other Fiscal Impact – According to DHS, \$38,809,700 in Title IV-D federal matching funds of the Child Support Enforcement program could be jeopardized due to non-compliance with the voluntary paternity provisions of the state operating plans. Further, this could result in the state being assessed penalties against the state's block grant for the Families First program of approximately \$3,920,000 for the first year of non-compliance, \$5,880,000 for the second year, and up to \$9,800,000 for each subsequent year.

Assumptions:

- According to the Department of Health's *Report of Tennessee Births 2010*, there were 79,345 births in Tennessee in 2010. For the purposes of this fiscal note, 80,000 births are assumed annually.
- DOH estimates that 50 percent of birth certificates, or 40,000, will be submitted with correct information that will not be modified in the future, and 50 percent will be submitted without a father listed due to either the mother not willing to identify the father at the time but may choose to do so later, the father was unavailable to have the paternity test, or else the paternity test results were not available in time to meet the 10-day birth certificate submission deadline as required by Tenn. Code Ann. § 68-3-301(a).
- According to DOH, there is no fee to amend a birth certificate within one year of the birth; a \$15 fee is charged after one year.

- The Department estimates that 66 percent of the fatherless certificates will be amended within one year of the birth. It is estimated that 24 percent will be amended later in the child's life and subject to the \$15 fee. This will result in an increase in state revenue of \$144,000 ($40,000 \times 24\% \times \15) in FY13-14 and subsequent years.
- DOH estimates the need for 15 additional Vital Record Information Assistants to handle the increase in birth certificate issuance questions and amendments.
- These positions are estimated to result in an increase in recurring state expenditures of \$808,053 (\$442,935 salary + \$154,818 benefits and insurance + \$118,500 administrative support services + \$61,500 office lease + \$21,300 communications and networking + \$9,000 supplies). One-time expenditures associated with these positions will be \$66,100 (\$40,500 office set-up + \$25,600 computers and printers).
- Based on census data, approximately 29,000 children in Tennessee were born into families with income below 100 percent of the poverty level and approximately 22,000 were born into families with income from 100 percent to 199 percent of the poverty level in 2010.
- The current rate for a paternity test is \$29.25.
- DHS estimates that it would be required to pay 100 percent of the cost for all families below 100 percent of the poverty resulting in an increase in state expenditures of \$848,250 ($29,000 \times \29.25).
- DHS estimates it would pay 75 percent of the cost for families between 100 percent and 199 percent of the poverty level resulting in an increase in state expenditures of \$482,625 ($22,000 \times 75\% \times \29.25).
- The total recurring increase in state expenditures will be \$2,138,928 ($\$808,053 + \$848,250 + \$482,625$).
- According to DHS, \$38,809,700 in Title IV-D federal matching funds of the Child Support Enforcement program could be jeopardized due to non-compliance with the voluntary paternity provisions of the state operating plans. Further, this could result in the state being assessed penalties against the state's block grant for the Families First program of approximately \$3,920,000 for the first year of non-compliance, \$5,880,000 for the second year, and up to \$9,800,000 for each subsequent year the state is in non-compliance with the provision.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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